



Title: Title I, Payroll/Personnel Manual

Chapter: 28, Section 2, Tax Formulas (TAXES)

Bulletin: TAXES 04-17, Missouri State Income Tax Withholding

Date: June 21, 2004

To: Holders of TAXES (State of Missouri only)
Personnel User Groups
T&A Contact Points in Missouri

Beginning with wages paid for Pay Period 13, the National Finance Center (NFC) will make the following changes for the state of Missouri income tax withholdings:

- The standard deduction for Single will increase from \$4,750 to \$4,850.
- The standard deduction for Married (One Spouse Working) will increase from \$7,950 to \$9,700.
- The standard deduction for Married (Both Spouses Working) will increase from \$3,975 to \$4,850.
- The standard deduction amount for Head of Household will increase from \$7,000 to \$7,150.
- The annual exemption amount for Head of Household (claiming 2, 3, or 4 exemptions) will increase from \$0 to \$1,200.

Note: The annual exemption amount for Head of Household (claiming 5 or more exemptions) will remain \$1,200.

No action on the part of the employee or the personnel office is necessary.

To view the updated tax formula, go to the NFC home page (www.nfc.usda.gov) and click **Pubs & Forms**. Then on the Pubs & Forms page left-hand menu, click **Tax Formulas** and select the appropriate state from the map provided. Changes to the tax formula are identified by "►◄".

For questions about NFC processing, contact the Payroll Operations Branch at **504-255-4630**. Please refer questions about system access and other system-related issues to Customer Support at **504-255-5230** or via e-mail at customer.support@usda.gov.

for

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Missouri State Income Tax Information

State Abbreviation:	MO
State Tax Withholding State Code:	29
Basis For Withholding:	State Exemptions and the amount of Federal Income Tax withheld each pay period.
Acceptable Exemption Form:	MO W-4
Acceptable Exemption Data:	S, M, N, H/Total Allowances Claimed
TSP Deferred:	Yes
Special Coding:	Determine the Total Number of Allowances field as follows: First position - S = Single; M = Married, One Spouse Working; N = Married, Both Spouses Working; H = Head of Household Second and Third Positions - Enter the total number of allowances claimed. If less than 10, precede with a zero.
Additional Information:	None

Withholding Formula ►(Effective Pay Period 13, 2004)◄

1. Subtract the nontaxable biweekly Thrift Savings Plan contribution from the gross biweekly wages.
2. Subtract the nontaxable biweekly Federal Health Benefits Plan payment from the amount computed in step 1.
3. Add the taxable biweekly fringe benefits (taxable life insurance, etc.) to the amount computed in step 2 to obtain the adjusted gross biweekly wages.
4. Multiply the adjusted gross biweekly wages by 26 to obtain the annual wages.
5. Determine the standard deduction by applying the following guideline and subtract this amount from the annual wages.

If the Employee Is:

Single
Married (One Spouse Working)
Married (Both Spouses Working)
Head of Household

The Standard Deduction Is:

\$ ► 4,850
9,700
4,850
7,150◄

6. Determine the exemption allowance by applying the following guideline and subtract this amount from the result of step 5:

If the Employee Is Claiming Status As:

Single
Married
Head of Household, claiming 1 exemption
Head of Household, claiming ►2◄ exemptions and each additional exemption thereafter

Then the Exemption Allowance Should Be:

\$ 1,200 (per allowance)
1,200 (per allowance)
3,500
1,200

7. Multiply the biweekly Federal income tax withholding (calculated each pay period) by 26 to compute the annual Federal income tax withholding* and subtract this amount from the result of step 6.

* Maximum of \$5,000 for Single/Head of Household and Married (Both Spouses Working)
Maximum of \$10,000 for Married (One Spouse Working)

8. Apply the taxable income computed in step 7 to the following table to obtain the Missouri tax withholding.

Tax Withholding Table

If the Amount of Taxable Income Is:		The Amount of Missouri Tax Withholding Should Be:			
Over:	But Not Over:				Of Excess Over:
\$ 0	\$ 1,000	\$ 0	plus	1.5%	\$ 0
1,000	2,000	15	plus	2.0%	1,000
2,000	3,000	35	plus	2.5%	2,000
3,000	4,000	60	plus	3.0%	3,000
4,000	5,000	90	plus	3.5%	4,000
5,000	6,000	125	plus	4.0%	5,000
6,000	7,000	165	plus	4.5%	6,000
7,000	8,000	210	plus	5.0%	7,000
8,000	9,000	260	plus	5.5%	8,000
9,000	and over	315	plus	6.0%	9,000

9. Divide the annual Missouri tax withholding by 26 and round to the nearest dollar to obtain the biweekly Missouri tax withholding.